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Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 1997 to 30 June 1998. The General Assembly, in its resolution 51/234 of 13 June 1997, appropriated an amount of $51,487,500 gross ($49,599,300 net) for the maintenance of UNIKOM for the same period.

Expenditures for the period totalled $48,092,000 gross ($46,515,000 net), resulting in an unencumbered balance of $3,395,500 gross ($3,084,300 net).

The unencumbered balance resulted mainly from lower catering costs under rations for military contingents, civilian vacancies, cost-sharing arrangement with the United Nations Office of the Humanitarian Coordinator in Iraq for a fixed-wing aircraft and reduced requirements under communications and supplies and services.

The action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $3,395,500 gross ($3,084,300 net) for the period from 1 July 1997 to 30 June 1998.

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I. Introduction

1. The United Nations Iraq-Kuwait Observation Mission (UNIKOM) was established by the Security Council in accordance with its resolution 687 (1991) of 3 April 1991. In its resolution 689 (1991) of 9 April 1991, the Council decided to review the question of the termination or continuation of UNIKOM, as well as its modalities of operation, every six months. The latest review was on 7 October 1998, and the President of the Security Council informed the Secretary-General that the Council concurred with the recommendation to maintain UNIKOM and would review the question once again by 7 April 1999 (S/1998/925).

2. The budget for the maintenance of UNIKOM for the period from 1 July 1997 to 30 June 1998 was set out in the report of the Secretary-General dated 5 March 1997 (A/51/658/Add.2) and amounted to $50,653,000 gross ($48,600,100 net). It provided for the maintenance of 195 military observers and 903 troops (775 infantry and 128 support personnel), supported by 72 international staff and 166 locally recruited staff. The budget also included provision for operational costs and related requirements. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 27 of its report of 4 April 1997 (A/51/683/Add.1), recommended that the General Assembly appropriate an amount of $49,535,400 gross ($47,647,200 net) for the period from 1 July 1997 to 30 June 1998.

3. The General Assembly, in its resolution 51/234 of 13 June 1997, appropriated an amount of $51,487,500 gross ($49,599,300 net) for the maintenance of UNIKOM for the period from 1 July 1997 to 30 June 1998, inclusive of $1,952,100 for the support account for peacekeeping operations. Taking into account the two-thirds share of the net amount, equivalent to $33,066,200, to be funded through voluntary contributions from the Government of Kuwait, an amount of $18,421,300 gross ($16,533,100 net) has been assessed on Member States.

II. Implementation of the budget

4. The UNIKOM concept of operations during the period was based on a combination of patrol and observation bases, observation points, ground and air patrols, investigation teams and liaison with the parties at all levels.

5. The situation in the demilitarized zone during the period remained generally calm. Detailed information on the operations of UNIKOM and on the situation on the ground during the period under review is contained in the reports of the Secretary-General to the Security Council dated 24 September 1997 (S/1997/740), 25 March 1998 (S/1998/269) and 24 September 1998 (S/1998/889).

6. The operational requirements of the Mission were met during the financial period under review and there were accordingly no operational reasons for shortcomings or slippage during implementation of the approved budget.

7. All projects included in the approved budget for the financial year 1997–1998 were implemented in the course of the year.

8. The unutilized balance was attributable, to a large extent, to personnel costs, both military and civilian. Insofar as the military personnel are concerned, the unutilized balance was the result of a combination of factors such as travel, rations and welfare.

9. With regard to civilian personnel costs, the unutilized balance accrued across the board, namely, in salaries, common staff costs and mission subsistence allowances, owing

to a higher than anticipated vacancy rate, especially for international staff. Support for the Mission's operations was fully met and the staff shortages impacted only on the civilian staff themselves, who were obliged to absorb the duties that should have been assigned to incumbents of the unplanned vacancies.

10. Savings in most other areas were attributable either to the cost of goods and services being less than anticipated, or to demands for repairs, maintenance or replacement of damaged/obsolete assets being more modest than had been expected at the time the cost estimates were prepared.

III. Financial performance report for the period from 1 July 1997 to 30 June 1998

11. As indicated in table 1 below, from the appropriation of $51,487,500 gross ($49,599,300 net) for the maintenance of UNIKOM for the period from 1 July 1997 to 30 June 1998, expenditures amounted to $48,092,000 gross ($46,515,000 net), inclusive of $15,967,800 in unliquidated obligations. The resulting unencumbered balance of $3,395,500 gross ($3,084,300 net) represents, in gross terms, approximately 7 per cent of the amount appropriated.

12. Annex I to the present report contains the financial performance information for the reporting period by major budget line item, with supplementary information on significant variances presented in annex II. Charts showing the planned and actual deployment of military and civilian personnel and the apportionment and expenditures by main budget groups are presented in annexes III and IV, respectively.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure*[a]	*Variance*
Military personnel costs	25 463.6	24 598.8	864.8
Civilian personnel costs	12 949.4	11 017.4	1 932.0
Operational costs	9 214.2	8 256.2	958.0
Other programmes	20.0	11.3	8.7
United Nations Logistics Base at Brindisi	—	679.2	(679.2)
Support account for peacekeeping operations	1 952.1	1 952.1	0.0
Staff assessment	1 888.2	1 577.0	311.2
Total	**51 487.5**	**48 092.0**	**3 395.5**
Income from staff assessment	(1 888.2)	(1 577.0)	(311.2)
Voluntary contributions in kind (budgeted)	—	—	—
Gross requirements	**51 487.5**	**48 092.0**	**3 395.5**
Net requirements	**49 599.3**	**46 515.0**	**3 084.3**
Voluntary contributions in kind (non-budgeted)	—	—	—
Total resources	**49 599.3**	**46 515.0**	**3 084.3**

[a] Includes an amount of $15,967,800 in unliquidated obligations.

13. Information on the deployment of military observers and civilian personnel during the reporting period is presented in table 2 below and detailed in annexes II and III to the present report.

Table 2
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1997 to 30 June 1998

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military observers	195 [a]	196	—
Military contingents	903	896	1
Civilian police	—	—	—
International staff	72	56	22
Local staff	166	147	11
United Nations Volunteers	—	—	—

[a] While authorized strength by the Security Council remains at 300, budgetary provision was made for 195.

IV. Action to be taken by the General Assembly at its fifty-third session

14. **The action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $3,395,500 gross ($3,084,300 net) for the period from 1 July 1997 to 30 June 1998.**

Annex I

Financial performance report for the period from 1 July 1997 to 30 June 1998: summary statement

(Thousands of United States dollars)

	(1)	(2)	(3)	(4) = (1-3)
	Apportionment	*Non-recurrent expenditures*	*Total expenditures (inclusive of non-recurrent expenditures)*	*Variance*
I. Military personnel costs				
1. Military observers	7 215.6	-	7 055.8	159.8
2. Military contingents	16 298.9	-	15 549.8	749.1
3. Other costs pertaining to military personnel				
(a) Contingent-owned equipment	1 629.1	-	1 673.2	(44.1)
(b) Death and disability compensation	320.0	-	320.0	-
Subtotal, line 3	1 949.1	-	1 993.2	(44.1)
Total, category I	**25 463.6**	-	**24 598.8**	**864.8**
II. Civilian personnel costs				
1. Civilian police	-	-	-	-
2. International and local staff	12 949.4	-	11 017.4	1 932.0
3. International contractual personnel	-	-	-	-
4. United Nations Volunteers	-	-	-	-
5. Government-provided personnel	-	-	-	-
6. Civilian electoral observers	-	-	-	-
Total, category II	**12 949.4**	-	**11 017.4**	**1 932.0**
III. Operational costs				
1. Premises/accommodation	1 047.4	404.5	853.5	193.9
2. Infrastructure repairs	60.0	52.0	52.0	8.0
3. Transport operations	2 232.3	566.4	2 277.7	(45.4)
4. Air operations	3 087.3	-	2 856.2	231.1
5. Naval operations	-	-	-	-
6. Communications	862.5	435.8	668.9	193.6
7. Other equipment	456.3	50.8	385.2	71.1
8. Supplies and services	1 368.4	-	1 104.4	264.0
9. Air and surface freight				
(a) Transport of contingent-owned equipment	-	-	-	-
(b) Commercial freight and cartage	100.0	-	58.3	41.7
Subtotal, line 9	**100.0**	-	**58.3**	**41.7**
Total, category III	**9 214.2**	**1 509.5**	**8 256.2**	**958.0**

	(1)	(2)	(3)	(4) = (1-3)
	Apportionment	*Non-recurrent expenditures*	*Total expenditures (inclusive of non-recurrent expenditures)*	*Variance*
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	10.0	-	11.3	(1.3)
4. Mine-clearing programmes	10.0	-	-	10.0
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	**20.0**	**-**	**11.3**	**8.7**
V. United Nations Logistics Base at Brindisi	-	-	679.2	(679.2)
VI. Support account for peacekeeping operations	1 952.1	-	1 952.1	-
VII. Staff assessment	1 888.2	-	1 577.0	311.2
Total, categories I-VII	**51 487.5**	**1 509.5**	**48 092.0**	**3 395.5**
VIII Income from staff assessment	(1 888.2)	-	(1 577.0)	(311.2)
IX. Voluntary contributions in kind (budgeted)	-	-	-	-
Total, categories VIII and IX	**(1 888.2)**	**-**	**(1 577.0)**	**(311.2)**
Gross requirements	51 487.5	1 509.5	48 092.0	3 395.5
Net requirements	49 599.3	1 509.5	46 515.0	3 084.3
X. Voluntary contributions in kind (non-budgeted)	-	-	-	-
Total resources	**49 599.3**	**1 509.5**	**46 515.0**	**3 084.3**

Annex II

Supplementary information on significant variances

Military personnel costs

Apportionment: $25,463,600; expenditure: $24,598,800; variance: $864,800

1. The unutilized balance of $864,800 under the military observers ($159,800) and military contingents ($749,100) budget line items, were offset in part by additional requirements under contingent-owned equipment ($44,100). Savings under military observers were due to leave taken by military observers for which mission subsistence allowance was not accrued and lower-than-anticipated travel costs. Savings under military contingents were due to lower catering costs under rations and utilization of less expensive air charter contracts for the emplacement, rotation and repatriation of troops.

Civilian personnel costs

Apportionment: $12,949,400; expenditure: $11,017,400; variance: $1,932,000

2. The unutilized balance of $1,932,000 under international and local staff costs was attributable to an average monthly vacancy rate of 15 per cent for both categories of staff. While provision was made for 72 international staff inclusive of a 10 per cent vacancy factor, the actual monthly strength averaged 56, representing an average monthly vacancy rate of 22 per cent. With regard to local staff, the average monthly strength was 147 against the 166 authorized posts, representing an average monthly vacancy rate of 11 per cent compared to a revised 10 per cent vacancy factor applied to the budget.

Operational costs

Apportionment: $9,214,200; expenditure: $8,256,200; variance: $958,000

3. The unutilized balance of $958,000 under this heading resulted from the reduced requirements totalling $1,003,400 under premises/accommodation ($193,900), infrastructure repairs ($8,000), air operations ($231,100), communications ($193,600), other equipment ($71,100), supplies and services ($264,000), and air and surface freight ($41,700), which were offset in part by additional requirements totalling $45,400 under transport operations.

Premises/accommodation

Apportionment: $1,047,400; expenditure: $853,500; variance: $193,900

4. The unutilized balance of $193,900 under premises/accommodation was mainly attributable to charging the costs of fuel for generators to petrol, oil and lubricants, under transportation; lower-than-anticipated requirements under maintenance services; and savings under construction/prefabricated buildings.

Infrastructure repairs

Apportionment: $60,000; expenditure: $52,000; variance: $8,000

5. The unutilized balance of $8,000 under upgrading of roads was due to the cancellation of some planned projects.

Transport operations

Apportionment: $2,232,300; expenditure: $2,277,700; variance: ($45,400)

6. Additional requirements of $45,400 under transport operations were attributable to the additional requirements under petrol, oil and lubricants as a result of the cost for diesel fuel for generators being charged under this line item, as stated in paragraph 4 above, as well as higher actual costs for vehicle insurance. The additional requirements were offset by the unutilized balance under purchase of vehicles resulting from the lower unit costs of vehicles purchased under the system contract and lower-than-estimated costs under workshop equipment and spare parts, repairs and maintenance.

Air operations

Apportionment: $3,087,300; expenditure: $2,856,200; variance: $231,100

7. The unutilized balance of $231,100 was attributable to reduced requirements under fixed-wing aircraft owing to the cost-sharing arrangement with the United Nations Office of the Humanitarian Coordinator for Iraq, non-utilization of the provision under air crew subsistence allowance owing to the inclusion of the cost in the contract and lower-than-anticipated requirements under landing fees and ground handling. The savings were offset in part by additional requirements under helicopter operations resulting from higher-than-anticipated hire/charter costs upon the renewal of the contract as of 15 September 1997.

Communications

Apportionment: $862,500; expenditure: $668,900; variance: $193,600

8. The unutilized balance of $193,600 resulted from the reduction in procurement of communications equipment, and lower-than-anticipated requirements under spare parts and supplies, workshop and test equipment, and commercial communications.

Other equipment

Apportionment: $456,300; expenditure: $385,200; variance: $71,100

9. The unutilized balance of $71,100 under other equipment was attributable to lower-than-anticipated requirements under office furniture, accommodation equipment, miscellaneous equipment and spare parts, repairs and maintenance. Also contributing to the savings were actual lower unit costs of data-processing equipment and non-replacement of obsolete observation equipment.

Supplies and services

Apportionment: $1,368,400; expenditure: $1,104,400; variance: $264,000

10. The unutilized balance of $264,000 was attributable to reduced requirements under miscellaneous services and miscellaneous supplies.

Air and surface freight

Apportionment: $100,000; expenditure: $58,300; variance: $41,700

11. The unutilized balance of $41,700 was due to lower-than-anticipated requirements under the line item.

Other programmes

Apportionment: $20,000; expenditure: $11,300; variance: $8,700

12. The unutilized balance of $8,700 was attributable to non-utilization of funds under mine-clearing programmes, which was offset in part by additional requirements under training programmes.

United Nations Logistics Base at Brindisi

Apportionment: none; expenditure: $679,200; variance: ($679,200)

13. The expenditure of $679,200 represents the UNIKOM prorated share of the cost of maintaining the United Nations Logistics Base at Brindisi for the reporting period, based on General Assembly resolution 52/1 A of 15 October 1997.

Staff assessment

Apportionment: $1,888,200; expenditure: $1,577,000; variance: $311,200

14. The unutilized balance of $311,200 was due to a higher-than-anticipated vacancy rate, as stated in paragraph 2 above.

Income from staff assessment

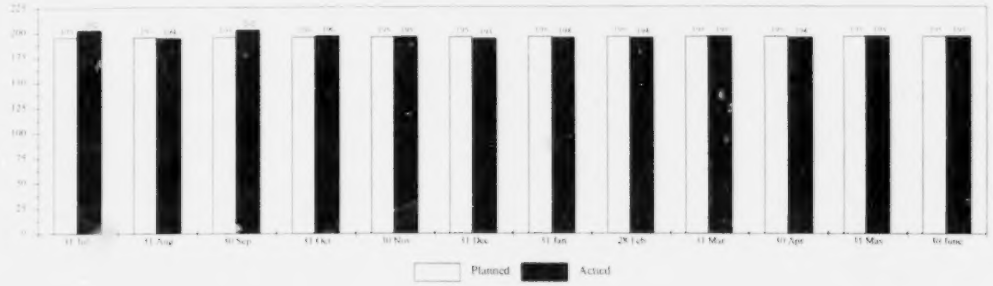
Apportionment: ($1,888,200); expenditure: ($1,577,000); variance: ($311,200)

15. This amount was derived from staff assessment (see para. 14).

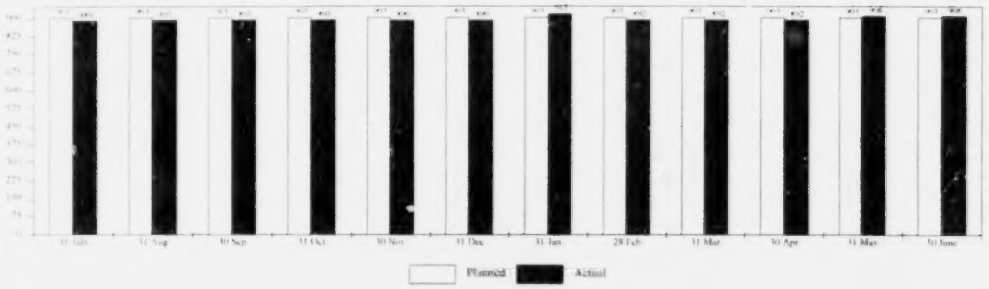
Annex III

Planned and actual deployment of military and civilian personnel for the period from 1 July 1997 to 30 June 1998

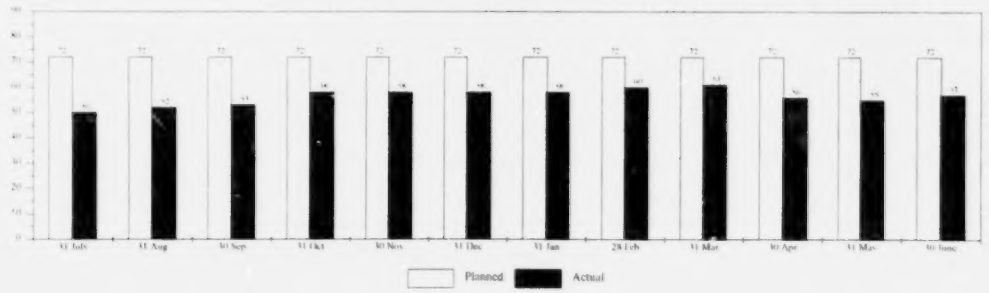
1. Military observers



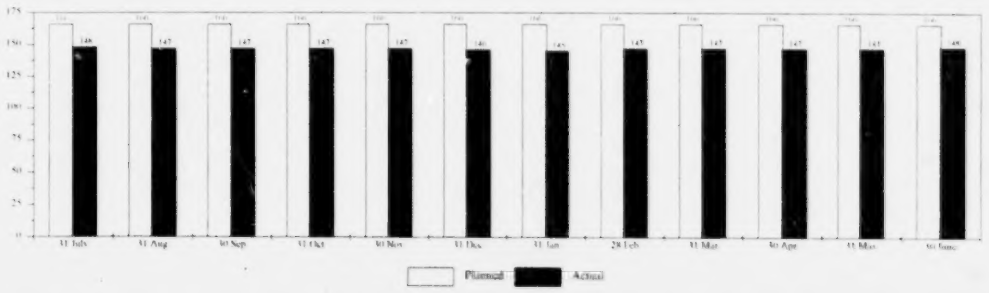
2. Military contingents



3. International staff



4. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 1997 to 30 June 1998